mid who was killed in the Pakistani war?

SHRI S. KRISHNA KUMAR: About martyr Abdul Hamid and others, there are well laid-down procedures on how our matrys have to be respected and how various benefits have to be given to their families. All this has been done not only by the Central Government but by the concerned State Government, so far as Abdul Hamid is concerned. We are not aware of any privation to that family. We have taken note of the hon. Members' suggestions and we shall certainly consider them. We shall take into account all the points raised by the hon. Members; we have noted down all of them and shall certainly implement whatever is possible. I would like to conclude by saying that whatever has been brought before you is progressive. It is in the interests of the better functioning of the armed forces. It has been long overdue. It is not totally comprehensive. But as far as the other hundred sections are concerned, a high-level committee is going into each of these sections and if any further amendment is necessary in the light of the past experience, a revised legislation or further amendments will be brought before the House subsequently. I commend these amendments for the consideration and passing of this House.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Now the question is:

> That the Bill further to amend the Army Act, 1950, as passed by the Lok Sabha, be taken into consideration.

The motion was adopted.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Now we shall take up clause-by-clause consideration of the Bill.

Clauses 2 to 19 were added to the Bill

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI S. KRISHNA KUMAR: Sir, I move:

> That the Bill be passed.

The question was put and the motion was adopted.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I think the statement is self-speaking and I don't think that any clarification is required. Anyhow... (*Interruptions*) . . .I don't think. You make the statement.

SHRI SUKOMAL SEN (West Bengal): You lay it on the Table. This can be laid on the Table.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): If you want, I have no objection. I have gone through it.

SHRI ASHIS SEN: But the statement requires certain clarificaitons. This is not the time for any statement. We do not get an opportunity to ask for any clarifications.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): See, there was a demand that he should make a statement. That is why, he is waiting.

SHRI ASHIS SEN: If he has waited so long and if he cannot wait further, he can go without making the statement.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): If you want to ask for clarifications, I have no objection.

STATEMENT BY MINISTER—F.I.R. FILED BY SPECIAL POLICE ESTABLISHMENT/C.B.I. AGAINST THREE OFFICIALS OF POWER FINANCE CORPORATION

THE MINISTER OF STATE OF THE MINISTRY OF POWER (SHRI KALP NAH RAI): The Delhi Special

[Shri Kalp Nath Rai]

Police Establishment has filed a First Information Report on the 23rd July, 1992 under provisions of the Indian Penal Code and the Prevention of Corruption Act, 1988, naming Shri M. Prasad, Director (Finance), Shri, Prahalad Rao, Deputy General Manager (Finance) and Shri M. Ravi, Deputy Managar (Finance), Power Finance Corporation, one Shri V. Deosthali, formerly of UCO Barnk, along with Shri Harshad Mehta, Shri Mohan Khandelwal and some officials of the ANZ Grindlays Bank and other unknown persons, alleging criminal conspiracy and cheating for obtaining pecuniary advantage in the matter of purchase of Government Securities/Public Sector Bonds. According to the FIR, the funds of the Corporation were fradulantly and dishonestly placed in the hands of Shri Harshad Mehta and his associates, who, in turn, earned pecuniary advantage by utilising the same in the money market. Further, according to the FIR, in all Rs. 394.23 crores (approximately) were placed on short-term investment basis in UCO Bank, on different occasions and while doing so, the officers of the PFC instead of issuing cheques in favour of UCO Bank issued cheques favouring ANZ Grindlays Bank, New Delhi and handed over the said cheques to an employee of Shri Mohan Khandelwal, holding Power of Attorney of Shri Harshad Mehta, at New Delhi. The above cheques were deposited by Grindlays Bank in their account held with RBI, New Delhi with directions to transfer the same to UCO Bank, Hamam Street, Bombay to the credit of Shri Harshad Mehta's account or credited to the account of Shri Harshad Mehta in New Delhi. According to the FIR, a regular case has been registered for investigation. At this stage, no further information is available.

According to the available information, all funds invested in UCO Bank during the period covered by the FIR, namely, July, 1990 to May, 1991, were realised on maturity with agreed interest thereon. On receipt of the FIR, the Chairman-cum-Managing Director of PFC, who was not in a position when the aforesaid transactions took place, has been directed to conduct a detailed enquiry into the matter, including the systems deficiencies in the investment procedure and report to the Board of Directors and to the Ministry of Power. However, I would like to assure the House that all necessary precautions to protect the interests of those who have deposited the amounts in PFC will be taken and there is no cause for concern for any of them.

SHRI SUKOMAL SEN (West Bengal): Some unknown persons? Is there any Minister among the unknown persons? The statement is dated 4-8-1992... (*Interruptions*)...

SHRI V. NARAYANASAMY (Pondicherry): Who are those unknown persons? It includes everybody on earth.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Okay. I am very sorry... (*Interruptions*)...I allowed him because he has raised the issue. Mr. Narayanasamy... (*Interruptions*)...

SHRI V. NARAYANASAMY: I am very sorry, Sir... (*Interruptions*)... Why are you people in a hurry? After all, I raised this issue in the House and I want to seek clarifications... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Because Mr. Narayanasamy raised this issue, I will allow him only... (*Interruptions*)...

SHRI V. NRAYANASAMY: Sir, I raised this issue durig the Zero Hour. The Minister has made the statement and I would like to seek some clarifications. Otherwise, what is the statement for?... (*Interruptions*)...What for is the statement made?... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): All right. I will allow you. I have no objection... (*Interruptions*)...

SHRI YASHWANT SINHA (Bihar): Then I will also seek clarifications... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I think the statement is self-explanatory. Mr. Narayanasamy, it is already 9.45 now. Again, one more Bill is there... (*Interruptions*)...

SHRI V. NARAYANASAMY: It is not our fault, Sir... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I can only request; I cannot insist.

SHRI V. NARAYANASAMY: I will take only five minutes, Sir... (*Interruptions*)...

SHRI SHANKAR DAYAL SINGH (Bihar): This is the right of the Members. I do not know why the Chief Whip of the Congress (I) is pleading... (*Interruptions*)... This is the right of the Members... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): O. K. You seek your clarifications. Mr. Yashwant Sinha is waiting here for long to speak on the Banking Companies Bill ... (*Interruptions*)...

SHRI VISHVJIT P. SINGH (Maharashtra): Let us have the Bill first and the clarifications can be sought after the Bill is passed. Let us have the Bill first. Let us do that. There is no problem. That is the procedure ... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): If the House so desires, I will have no objection... ... (*Interruptions*)...

SHRI V. NARAYANASAMY: No, Sir. I will speak... (*Interruptions*)...

SHRI DIGVIJAY SINGH (Bihar): Sir, since Mr. Narayanasamy is the person who raised this issue, he is the only Member asking for clarifications. Let him seek the clarifications.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): All right. I will allow Mr. Narayanasamy.

SHRI VISHVJIT P. SINGH: If he asks, others also will ask... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Vishvjit Singh, you have to co-operate with me. I am allowing him because he is the person who raised this issue. It is already 9.45 P.M. now and I would request you not to press your claim... (*Interruptions*)... I would request you not to press your claim. Yes, Mr. Narayanasamy, finish within one minute.

SHRI V. NARAYANASAMY: Mr. Vice-Chairman, Sir, the honourable Minister has given his reply which is in tune with the clarifications that I wanted from him on this important issue relating to the siphoning off of Rs. 395 crores... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I think it has come back. From the statement it appears to be so.

SHRI VISHVJIT P. SINGH: Yes.

SHRI YASHWANT SINHA: With interest... (*Interruptions*)...

SHRI V. NARAYANASAMY: Not with interest. I will explain how the Government has lost, how the Power Finance Corporation has lost.

Sir, the Power Finance Corporation has lost money because of the illegal methods adopted by it in collusion with the officials of the UCO Bank and the Grindlays Bank and also with Mr. Harshad Mehta and his associates.

[Shri V. Naryana samy]

Sir, the statement by the honourable Minister is very clear. But the honourable Minister has not given the details and has not mentioned whether there was any approval by the Board for investing its funds.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): You see the last paragraph.

SHRI V. NARAYANASAMY: I will come to that. What does the last paragraph say? It says that according to the available information, all funds invested in UCO Bank druing the period covered by the FIR, namely, July 1990 to May 1991, were realised.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): It says something about the future also.

SHRI V. NARAYANASAMY: Sir, according to the information which I have gathered, as far as this transaction is concerned, there were 16 cheques which were issued by the Power Finance Corporation. And I would like to say that there are clear directives from the Finance Ministry that the fund should not be diverted to the foreign banks at any cost. But, Sir, the funds were diverted, and cheques were issued violating the guidelines and the directives issued by the Finance Ministry, by the officials concerned.

SHRI VISHVJIT P. SINGH: That is why they have gone to the C.B.I. That is why the officials have been arrested.

SHRI V. NARAYANASAMY: The Minister is there to answer. (*Interruptions*). Sir, one of the officials has been arrested. As far as the Grindlays Bank is concerned, most of the persons who are involved are at large. And some officials who have been directly or indirectly involved are still in service either in the UCO Bank or the Power Finance Corporation.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): That is why they have ordered an enquiry. After enquiry, they take action.

SHRI V. NARAYANASAMY: But the enquiry is conducted by whom? Kindly read the statement.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): The statement is self-speaking.

SHRI V. NARAYANASAMY: Kindly read the statement. The enquiry is conducted by the in-coming new Chairman of the Power Finance Corporation. I ask: Why has the Chairman been ordered to enquiry? What is the reason? It should have been by a body which is not connected with the Power Finance Corporation.

SHRI VITHALBHAI M. PATEL (Gujarat): That is why the CBI is enquiring.

SHRI V. NARAYANASAMY: Sir, the amount involved is about Rs. 390 crores. And a political nexus is there. And will such an official who is the Chairman go into that aspect? And the CBI will conduct an enquiry the Chairman go into that in relation to the allegations that have been made. I would like to know from the hon. Minister as to what was the necessity for appointing the Chairman to conduct an enquiry. What has promoted them to appoint that person? And a period has been referred to. Is it when the Congress Government was in power here? Therefore, Sir, I would like to know as to who were the persons that influenced this decision. This is very important. Who were the persons that influenced the decision of the persons who have been involved in this scam to divert the funds to the Grindlays Bank? This I would like to know. That is the crux of the matter which the hon. Minister has to explain to me.

SHRI ASHIS SEN (West Bengal): Sir, taking a cue from what he has said, I want to know as to when and

by whom the Chairman of this Corporation was appointed.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Yes, Mr. Minister.

SHRI KALP NATH RAI: Mr. Vice-Chairman, Sir, now a Joint Parliamentary Committee has been appointed by the Government of India to look into the matter, and the CBI is already investigating into the matter. About the nexus, and between whom, all these things will come out before the Parliament after investigation.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Now, the Banking Companies Bill.

SHRI SHANKAR DAYAL SINGH: Sir, I am on a point of order. I want to draw your attention to Rules 184 and 186 of the Rules of Procedure and Conduct of Business in the Council of States.

Sir, Rule 184 says: "Notwithstanding that a day has been allotted for financial business a motion or motions for leave to introduce a Bill or Bills may be made and a Bill or Bills may be introduced on such day before the Council enters on the business for which the day has been allotted." Then, Sir, Rule 186 says "(1) A money Bill passed by the House and transmitted to the Council shall, as soon as may be, be laid on the Table. (2.) The Chairman in consultation with the Leader of the Council shall within two days of the Bill being so laid on the Table allot a day or days or part of a day for the comlpetion of all or any of the stages involved in the consideration and passing of amendments, if any, to the Bill." Therefore, I want your protection here because this is a matter of rules, and this is a very importantfi nancial Bill. Therefore, I request you to give your ruling according to the rules whether it is proper that this Bill should be considered here just now.

SHRI VISHVJIT P. SINGH: Sir, the fact of the matter is that this is a Bill which deals with procedural matters. This is not a Money Bill. Money Bills are to be returned and not passed in the House. This Bill is to be passed in the House. Therefore, Shankar Dayalji is very wrong because this is not a Money Bill. A Money Bill always comes with a certificate along with it certifying that it is a Money Bill. This is not a Money Bill. This is a procedural Bill and, therefore, this House is very much within its competence to pass it.

SHRI SUKOMAL SEN: This is a Money Bill and this has to be returned. Only a Money Bill is returned. Hhere in the revised list of business it has been shown: "Also to move that the Bill be returned." And only a Money Bill is returned and not passed. Therefore, this is a Money Bill.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Yes, this is a Money Bill. But a waiver has been made by the Deputy Chairman.

SHRI SUKOMAL SEN: What Mr. Shankar Dayal Singh has raised is quite valid. Then in the Business Advisory Committee meeting also held on 30th July, there hours have been allotted for discussion on this Bill. Now this Bill has been brought at the fag end of the session, at 10 o'clock.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Is it for the first time? If you want to discuss it for three hours, I have no objection.

SHRI SUKOMAL SEN: Why are you presenting for it? You can keep it pending. Three others were allotted for discussion on this Bill because of the importance of the Bill. Now do you deny all its importance and want to pass it within 10-15 minutes?

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): If you want to take three hours, I have no objection. You take your own time.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI M. M. JACOB): Rajya Sabha used to discuss Money Bills and the Budget. But if you don't discuss it and return it, after 14 days it is automatically deemed to have been passed. This is the right of the Rajya Sabha to return it without discussion.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Members may exercise their right to discuss; otherwise it will be deemed to have been passed. We don't gain anything.

SHRI SHANKAR DAYAL SINGH: This is the Second Supplementary List of Business circulated in the House.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Lok Sabha has passed it and if you don't discuss it, after 14 days it is automatically deemed to have been passed.

SHRI ASHIS SEN: This is totally immoral and improper.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): I must draw your attention to the fact that on many occasions we have taken up these types of Bills and passed on the last day and sometimes even the Appropriation Bill we have passed without a discussion.

SHRI MD. SALIM (West Bengal): The Bill has been passed by the Lok Sabha as mentioned in the Second Supplementary List of Business circulated to us at 7.30 in the evening. Do you want to curtail the rights of the Members?

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): As I said, Lok Sabha passed it in this session. If you don't pass it, it will be deemed to have been passed and you will lose your right to speak.

10 P.M.

Do you want to lose your right to speak? What do you again by that?

SHRI MD. SALIM: This could have been circulated in the morning itself.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): All right. Mr. Minister, you can move your Bill.

THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) AMENDMENT BILL, 1992.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): Sir, I beg to move:

> 'That the Bill further to amend the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and the Banking Companies (Acquisition) and Transfer of Undertakings) Act. 1980, as passed by the Lok Sabha, be taken into consideration.'

The Committee on Banking Regulations and Supervisory Practices appointed by the Bank of International Settlements has prescribed certain capital adequacy standards to be followed by commercial banks. These standards have been accepted for implementation by several countries. The BIS standards seek to measure capital adequacy in terms of the ratio of capital to risk weighted assets. For this purposes, weightages have been prescribed for different categories of assets. The recommended norms is that all internationally operating banks must acquire a capital to risk weighted assets ratio of 8 per cent by March, 1992.

The Committee on Financial System under the Chairmanship of Shri M. Narasimham, in its report submitted to the Government last year, has, inter alia, recommended that